

Drugs

28 July 1972

Mr. B. Brooks Thomas
Vice President and General Counsel
Harper & Row, Publisher, Inc.
10 East 53rd Street
New York, New York 10022

Dear Mr. Thomas:

Pursuant to our agreement, we have reviewed Alfred W. McCoy's book, The Politics of Heroin in Southeast Asia. A complete and detailed review and analysis would take weeks, but I believe we have been able to identify enough important aspects to bear out our original concern as to the statements it might make about CIA.

The theme of Mr. McCoy's book is contained on page 8: "Unlike some national intelligence agencies, the CIA did not dabble in the drug traffic to finance its clandestine operations. Nor was its culpability the work of a few corrupt agents, eager to share in the enormous profits. The CIA's role in the heroin traffic was simply an inadvertent but inevitable consequence of its cold war tactics." His theme is further spelled out on page 14, where he says: "American diplomats and secret agents have been involved in the narcotics traffic at three levels: (1) coincidental complicity by allying with groups actively engaged in the drug traffic; (2) abetting the traffic by covering up for known heroin traffickers and condoning their involvement; (3) and active engagement in the transport of opium and heroin. It is ironic, to say the least, that America's heroin plague is of its own making."

CIA's position can be simply stated as follows:

a. The opium trade has existed in Southeast Asia for generations. This trade depended upon the market, and until recently the market for Southeast Asian opium was in Southeast Asia. The increase in the opium trade and the appearance of heroin were a result of the increased market, in part due to the presence of large American military forces in Vietnam.

b. CIA at no time allied with, abetted or engaged in the drug trade in Southeast Asia. From its earliest days in Southeast Asia, CIA took steps to ensure that it would not be involved in the drug trade.

c. When this drug trade became a matter of concern to Americans, as distinct from a local Southeast Asian problem, CIA engaged in a variety of programs to attack it. These efforts are by no means totally successful, but they have had substantial impact.

Mr. McCoy supports his theme by citing a large number of allegations, assertions, and interpretations. From an examination of these, it is plain that Mr. McCoy has limited his citations to those supporting his thesis, and he appears to have ignored available information which might contradict it. In the unsettled, and in many areas primitive, circumstances of Southeast Asia, rumors and unsupported assertions are common, and the first requirement of serious intelligence operations, scholarly research or responsible journalism is to check such assertions against other evidence and obtain as objective a total picture as possible. Mr. McCoy's book is replete with statements such as "according to several sources" (page 263), "village leaders . . . claim" (page 263), "According to reports later received by the U. S. Bureau of Narcotics" (page 244), "Chinese merchants in Vientiane reported that" (page 281), and others. In the enclosed annex, we have commented on our investigation of the facts behind certain of these statements. We have by no means made an exhaustive review of every such statement in the book but send these to you

in order to demonstrate our belief that your confidence that Mr. McCoy's scholarship "is beyond reproach" is not well founded.

Our difference with Mr. McCoy is no mere debate over the excellence of his scholarship. Mr. McCoy's charges against CIA, both directly and by innuendo, have been repeated by editorial writers throughout the nation and could create an accepted myth that CIA has been involved in the drug traffic. The truth is that CIA has never been involved in the drug traffic and is actively engaged in fighting against it. We believe that the effect of Mr. McCoy's book is to do a disservice to this fight and to dishearten the many sincere people in CIA who are at least as concerned about this menace as Mr. McCoy. On 14 April 1971, Mr. Helms, Director of Central Intelligence, said to the American Society of Newspaper Editors:

There is the arrant nonsense, for example, that the Central Intelligence Agency is somehow involved in the world drug traffic. We are not. As fathers, we are as concerned about the lives of our children and grandchildren as are all of you. As an Agency, in fact, we are heavily engaged in tracing the foreign roots of the drug traffic for the Bureau of Narcotics and Dangerous Drugs. We hope we are helping with a solution; we know we are not contributing to the problem.

This statement remains valid today.

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Sincerely,

[Redacted Signature]

Lawrence R. Houston
General Counsel

Enclosure

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A N N E X

Air America

There are repeated allegations by Mr. McCoy of Air America involvement in the transportation of opium.

We believe the statement Mr. Paul Velte, Managing Director of Air America, made on 2 June 1972 in response to these allegations labelling them as "utterly and absolutely false" clearly expresses the company and CIA views on this matter. This statement is attached.

Recently a CIA officer queried General Ouane Rathikoun who is cited as a source on Page 278 by Mr. McCoy concerning Air America involvement in transporting opium. General Ouane categorically denied that Air America was in any way involved in such traffic. General Ouane said the charge was ridiculous and that there was no need for drug traffickers to draw upon Air America facilities because they had their own.

Strict controls have been in effect throughout Air America's presence in Southeast Asia and these are being improved as we learn more of the traffickers' patterns and modus operandi.

Statement of Paul Velte, Managing Director of Air America

"Mr. Alfred W. McCoy today told the Senate Foreign Operations Committee: 'In Northern Laos, Air America aircraft and helicopters chartered by the U.S. CIA and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.'

"This statement is utterly and absolutely false. AA and USAID have cooperated in a security program which effectively prevents the carriage of drugs on any of the airline's equipment. This program is constantly being reviewed to make sure that drug smugglers cannot misuse the company's facilities. There is an intensive program of inspection of both passengers and cargo carried out in close collaboration with local and U.S. authorities. At up-country sites, inspectors inspect all baggage of passengers and crew members departing from their stations. All cargo placed aboard up-country sites is inspected by members of the inspection service. All baggage of persons departing Vientiane on AA, CASI and Lao air development are inspected. Where boarding passengers refuse to submit to inspection or are found to have contraband in their possession, they are denied the right to board the aircraft and their names are turned over to local Lao authorities. Through these and related measures, attempts by individuals to carry opium on company airplanes have been detected and prevented. These small time smugglers and users are the greatest threat and the security inspection service has constituted an effective deterrent.

"Through its many years in the Far East, AA and its employees have been well aware of the dangers of drug use and the drug traffic. It has been the policy of the company and its many loyal employees to do everything in their power to oppose any traffic in drugs. To this end there has been close cooperation between the company and U.S. and local authorities concerned with the drug problem.

"If Mr. McCoy or any other individual can bring any proof that any Air America employee has been connected in any manner with the drug traffic appropriate disciplinary action will be taken and the matter referred to the proper authorities."

Vang Pao

In many instances Mr. McCoy accuses General Vang Pao of being involved in the opium traffic. He cites as specific sources the BNDD, a village leader, and General Ouane Rathikoun.

We have no evidence indicating that General Vang Pao is involved in the Laotian drug trade. Because his forces are the principal Laotian deterrent to North Vietnamese aggression, many U. S. Government personnel have been in constant contact with General Vang Pao for a number of years. No evidence has come to light connecting him with narcotics trafficking.

On the contrary, General Vang Pao has strongly supported the anti-narcotics legislation passed by the Lao National Assembly in 1971 and, as a leader of the Meo, has done his best to influence the tribal groups to abandon their traditional growth of the opium poppy and develop substitute crops and new forms of livestock to provide daily sustenance and income.

Further, most of northeastern Laos is not under General Vang Pao's control but actually in the hands of the North Vietnamese. General Vang Pao obviously has no control over the crop cultivation there, and cultivation of any crop in that area is extremely difficult because of the ongoing hostilities.

The BNDD has informed us that it has no credible evidence implicating Vang Pao in the narcotics traffic which is contrary to the allegations made by Mr. McCoy on pages 244 and 248/9 of his book.

On page 289 Mr. McCoy cites a village leader in Long Pot, Ger Su Yang, to support his allegation against Vang Pao. The Long Pot sector has traditionally refused to accept Vang Pao's leadership and has maintained relationships with the Pathet Lao between peaceful coexistence and active collaboration. This casts doubt on the objectivity of his testimony.

Finally, General Ouane Rathikoun, one of Mr. McCoy's principal sources, has recently been questioned by an officer of this Agency and was very adamant in asserting that Vang Pao had not been involved in the drug traffic. He stressed the fact that opium cultivation in Xieng Khouang had collapsed to the point where opium users must buy elsewhere.

Paramilitary Activities and Heroin Refineries

Wherever there have been refineries in areas in which there is some American influence, action has been taken to eliminate them. In spite of this, Mr. McCoy states on page 301, "In fact, there are some American officials who believe that Chao La only works with the CIA to get guns (which he uses to buy opium from Burmese smugglers) and political protection for his opium refineries." With the access Mr. McCoy claims to have had, he should have been able to discover that last year CIA identified a refinery operated by Chao La and had it confiscated. The production equipment was dismantled and forwarded to the Bureau of Narcotics and Dangerous Drugs (BNDD) in Washington, D. C. This is hardly "political protection" of the type Mr. McCoy alleges.

GER SU YANG

A similar failure to attempt verification of information from a doubtful source appears in connection with Mr. McCoy's account on page 289 of an interview with a Long Pot district officer, Ger Su Yang. This is an account of how American helicopters flew from Long Tieng to Long Pot to take opium back to Long Tieng. Within the last two weeks, Ger Su Yang was interviewed by an officer of this Agency designated for this purpose. Ger Su Yang denies making any statement regarding Muong officers arriving at Long Pot to collect opium harvest for transport back to Long Tieng in American helicopters.

Ger Su Yang spoke of two Americans, one of whom apparently was Mr. McCoy, who visited his village, but he said they were interested in village life and he did not discuss the sale of opium with them. He added that Long Pot grows only enough opium for local consumption, but neighboring villages grow more for sale. He said all the opium sold in this sector was sold to Muong Kassy and Vang Vieng but never to Long Tieng. Knowing the proclivity of individuals in this area to say what they think the questioner wants to hear, we do not have too much confidence in what Ger Su Yang told our interviewing officer. Our point is that Mr. McCoy accepted his word without any apparent attempt at verification of his or other villagers' stories. In addition, the Meos of the Long Pot area are not only anti-Vang Pao but have on occasion collaborated with the Pathet Lao.

KMT Irregulars

Mr. McCoy's charge that CIA's relationship with the KMT was a key factor in the latter's involvement in the opium trade is without foundation. CIA's early contacts with the KMT ceased in August 1951 and since that date the Agency has had no substantial contact with KMT irregulars in Burma or elsewhere. Opium production in the area where the KMT irregulars located after the fall of China in 1949 had long existed and was not, as suggested by the author, started by the irregulars. That they ultimately became involved appears to have been motivated by survival rather than any other known reason.

The Mafia

Mr. McCoy presents the theme that there has been an association of the U. S. Government with Sicilian and Corsican Mafia types in the past and that this has somehow been responsible for the fact that those types play a large role in the illegal narcotics traffic today. The argument simply does not hold water. There have been Mafia groups, just as there have been Chinese and other groups, who have been famous for participation in smuggling and other illicit traffic for centuries. They appear wherever large illegal profits can be made, and the existence of governmental authority whether passive or antagonistic often has little effect on their activities. We do not believe Mr. McCoy has made a case to the contrary.

Support for U. S. Narcotics Control Efforts Overseas

On page 350, Mr. McCoy states that the U.S. Bureau of Narcotics' attempts to conduct investigations in Laos were blocked by the Laotian government, the State Department, and the CIA. BNDD reports that, "... programs to effect control of narcotic trafficking could not be initiated without Laotian national drug control laws. Ambassador Godley was instrumental in assisting the Laotian government to formulate such laws which became effective in November 1971. BNDD agents were assigned to work in Laos in December 1971, soon after the law became effective. BNDD is unaware of any opposition by CIA in this process. Rather, CIA has assisted in furtherance of the BNDD mission in Laos."

As part of his thesis that the U.S. Government is covering up for local officials who may be engaged in narcotics traffic, Mr. McCoy states on page 218 that, "The CIA avoids gathering information on high-level involvement, and even in its closed-door sessions with high Embassy officials discusses only minor pushers and addicts." This is completely untrue, but Mr. McCoy makes this serious charge apparently on the word of an unnamed Embassy official, who may not have had access to such reports. Mr. McCoy could easily have ascertained the facts. He apparently made no real attempt to do so.

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